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Decision of March 7, 2017

By the [Division of Banks](#)

**DECISION
RELATIVE TO THE MERGER OF
HOLBROOK CO-OPERATIVE BANK, HOLBROOK, MASSACHUSETTS
WITH AND INTO
ABINGTON BANK, ABINGTON, MASSACHUSETTS**

Abington Bank, Abington, Massachusetts has applied to the Division of Banks (Division) to merge with Holbrook Co-operative Bank, Holbrook, Massachusetts (Holbrook Co-operative) pursuant to the provisions of Massachusetts General Laws chapter 167I, section 2. Under the terms of the Merger Agreement and the Plan of Merger, each dated November 16, 2016, Holbrook Co-operative will merge with and into Abington Bank under the charter, by-laws and name of Abington Bank (Continuing Institution). The main office of Abington Bank will remain the main office of the Continuing Institution after consummation of the proposed merger, and the sole banking office of Holbrook Co-operative will be retained by the Continuing Institution and will operate under the name "Holbrook Co-operative Bank, A Division of Abington Bank."

Legal and Procedural Requirements

Notice of Abington Bank's application was posted and published as directed by the Division thereby affording opportunity for interested parties to submit comments. The period for filing comments has expired, and no comments were received. The Division reviewed the application and supplementary materials submitted by Abington Bank in accordance with applicable law, including the statutory criteria of whether competition among banking institutions will be unreasonably affected and whether public convenience and advantage as well as "net new benefits" will be promoted by approval of the proposed transaction. The Division considered both banks' records of performance under the Commonwealth's Community Reinvestment Act (CRA) as well as financial and managerial factors. The Co-operative Central Bank confirmed by letter dated December 20, 2016 that satisfactory arrangements have been made relative to providing excess deposit insurance for deposits of the Continuing Institution.

The Parties

Abington Bank is a Massachusetts-chartered co-operative bank in mutual form and a member of the Federal Reserve System. Abington Bank's sole banking office is its main office in Abington, Massachusetts. As of December 31, 2016, Abington Bank had total assets of approximately \$133.3 million and total deposits of approximately \$113.1 million. Abington Bank offers a full range of personal and business checking, deposit, and loan products and services. Abington Bank's deposits are insured up to allowable limits by the Federal Deposit Insurance Corporation (FDIC), and amounts in excess of FDIC insurance are insured by the Share Insurance Fund of the Co-operative Central Bank.

Holbrook Co-operative is also a Massachusetts-chartered co-operative bank in mutual form. Holbrook Co-operative's sole banking office is its main office in Holbrook, Massachusetts. As of December 31, 2016, Holbrook Co-operative had total assets of approximately \$100.4 million and total deposits of approximately \$87.9 million. Holbrook Co-operative also offers a full range of personal and business checking, deposit, and loan products and services. Like Abington Bank, Holbrook Co-operative's deposits are insured up to allowable limits by the FDIC, and amounts in excess of FDIC insurance are insured by the Share Insurance Fund of the Co-operative Central Bank.

Competition

Materials have been submitted to address the issue that competition among banks will not be unreasonably affected by the proposed transaction. In analyzing the impact of a proposed transaction on banking competition, the Division considers, but does not rely exclusively upon, the guidelines used by federal authorities to review bank mergers. Essentially, these guidelines define relevant markets and measure concentration, which is considered an important indicator of competitiveness. The starting point in the federal analysis is the Herfindahl-Hirschman Index (HHI), an arithmetic measure of market concentration that synthesizes the distribution of market shares and the number of banks in the affected market into a single value. In this case, the HHI analysis demonstrates that consummation of the transaction will not result in an undue concentration of banking resources. In addition to that analysis, the Division considers the competitive impact of the proposed transaction on a community-by-community basis, as well as on the overall banking structure of the Commonwealth. Abington Bank and Holbrook Co-operative do not have any banking offices located in the same city or town, and the application indicates that the banking office of Holbrook Co-operative will be maintained as a branch office of the Continuing Institution. Accordingly, the review of the transaction's impact on competition supports its approval.

Public Convenience and Advantage

The Division next considered the record of the application to determine whether public convenience and advantage will be promoted. Abington Bank indicates that the banking public will benefit as a result of the proposed merger. Specifically, customers of each bank will benefit from the addition of a banking office in a neighboring community. Customers of both banks will also benefit from the Continuing Institution's higher lending limits and improved ability to compete with other community banks in its service area.

In determining whether to approve a petition under the statutory criteria, the Commissioner is also required to consider a showing of "net new benefits" related to the transaction. That term as set out in section 2 of said chapter 167I includes initial capital investments, job creation plans, consumer and business services, and commitments to maintain and open branch offices, among other factors that the Commissioner may deem necessary. Abington Bank addressed this requirement of the statute. Abington Bank anticipates that all employees of both banks will be retained, and it is also maintaining the sole banking office of Holbrook Co-operative. Supplemental materials also indicate that consumers will benefit from expanded and enhanced products and services, including consumer loans and home equity loans and lines of credit not currently available to customers of Holbrook Co-operative. The application further explains that expected operational efficiencies resulting from the merger will, over time, create additional jobs, provide opportunity for capital investment, and lead to further service and branch expansion. Accordingly, the factors related to public convenience and advantage, including net new benefits, are consistent with approval of Abington Bank's application.

Related to the issue of public convenience and advantage is the record of CRA performance by the banks that are parties to this transaction. Such review for Massachusetts-chartered banks includes examination by personnel of the Division. A publicly available descriptive rating and evaluation by a federal bank regulatory agency may also be considered. Abington Bank received a "Satisfactory" rating in its most recent CRA performance evaluation conducted by the Division as of August 26, 2013. Holbrook Co-operative also received a "Satisfactory" rating in its most recent CRA performance evaluation conducted jointly by the Division and the FDIC as of May 27, 2014. The Division's consideration of the CRA performance of Abington Bank and Holbrook Co-operative also support the approval of the proposed merger.

Financial and Managerial Considerations

The Division also reviews and considers the financial and managerial aspects of the proposed transaction. Materials provided indicate that Abington Bank will continue to meet all regulatory capital requirements after the consummation of the proposed merger.

The initial board of directors of the Continuing Institution will be comprised of all current members of the Abington Bank board and seven members from Holbrook Co-operative. Materials provided indicate that the Continuing Institution's initial management will be comprised of senior management from each bank. Accordingly, upon review, the financial and managerial considerations support approval of the application.

Conclusion

Upon review of the complete record of the application with reference to the relevant statutory and regulatory requirements, the Division concludes that all such requirements have been met, and that consummation of the proposed transaction is in the public interest. On the basis of these considerations, and subject to the conditions set forth below, approval is granted for Holbrook Co-operative to merge with and into Abington Bank under the charter, by-laws, and name of Abington Bank pursuant to section 2 of chapter 167I of the General Laws. Upon consummation of the merger, the charter of Holbrook Co-operative will cease to exist; the separate existence of Holbrook Co-operative shall cease; and all rights, privileges, powers, franchises, properties, assets liabilities, and obligations of Holbrook Co-operative shall be vested in and assumed by the Continuing Institution.

The approval granted herein is subject to the following conditions:

1. That the proposed merger shall not become effective until a Certificate signed by the Presidents and Clerks, or other duly authorized officers of each bank, indicating that each institution has complied with the provisions of Massachusetts General Laws chapter 167I, section 2 has been returned with my endorsement thereon;
2. That the proposed merger shall not become effective unless the Articles of Merger with my endorsement thereon are filed with the Secretary of State; and
3. That the proposed merger shall be consummated within one year of the date of this Decision.

March 7, 2017

Date

Terence A. McGinnis

Commissioner of Banks

- ☐ Yes
- ☐ No

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